

**Net sales
MSEK 75**

**Profit
margin
30%**

FIRST QUARTER 2023 ²⁾

- Net sales increased by 53% to MSEK 75.0 (49.2)
- Currency adjusted increase of 36%
- Operating profit (EBIT) increased to MSEK 22.6 (14.0)
- Operating margin (EBIT margin) amounted to 30% (29)
- Profit margin increased to 30% (24%)
- Net profit increased to MSEK 18.0 (9.6)
- Earnings per share were SEK 1.43 (0.76)
- Operating cash flow decreased to MSEK -3.8 (8.6)

FORECAST - SECOND QUARTER 2023 ²⁾

The net sales forecast for the second quarter of 2023 is MSEK 75 - 80 (58.4).

CTT IN BRIEF

(MSEK)	2023 Jan-Mar	Change from previous year	2022 Jan-Mar	2022 Jan-Dec	Rolling 12 months
Net sales	75.0	53 %	49.2	240.6	266.5
Operating profit (EBIT)	22.6	61 %	14.0	91.8	100.4
Profit (loss) this period	18.0	88 %	9.6	66.3	74.7
Earnings per share (SEK)	1.43	88 %	0.76	5.29	6.0
Operating cash flow	-3.8	-144 %	8.6	61.2	48.9

CTT – WORLD LEADER IN ACTIVE HUMIDITY CONTROL IN AIRCRAFT

CTT is the leading supplier of active humidity control systems in aircraft. We solve the aircraft humidity paradox - with far too dry cabin air - and too much moisture in the fuselage - causing dehydration for people onboard and excess weight in the aircraft inducing larger environmental footprint. CTT offers humidifiers and dehumidifiers available for retrofit and line-fit on commercial aircraft as well as private jets. For more information about CTT and how active humidity control products make air traveling a little more sustainable and far more pleasurable, please visit: www.ctt.se

¹⁾ This Interim report is a translation of the original report published in Swedish. In the event of any deviations between the two reports, the Swedish version prevails.

²⁾ Unless otherwise stated, outcome comparisons with a previous period in this Interim report refer to the corresponding period of the preceding year, and the value is given in brackets.

COMMENTS FROM THE CEO

Net sales increased to MSEK 75 and beat forecasted range

CTT delivered 11% quarter-to-quarter net sales growth, driven by OEM sales with its best quarter since 2020, due to significantly increased deliveries to Boeing. Aftermarket demand was higher than anticipated and unchanged compared to previous quarter, as we managed to fully compensate the predicted decrease in sales of some parts with a high inventory level at distributors. The aftermarket sales decrease to MSEK 52 (from 54 in Q4) was currency related. The weak operating cash flow of MSEK -4 can be derived to late customer payments of MSEK 22 that was settled first days of April instead of March. In the quarter, profit was charged by non-recurring items of MSEK 3. If adjusting for these items, operating cash flow would have been MSEK 18, EBIT MSEK 26 and EBIT-margin 34%.

Net sales forecast: MSEK 75 – 80

The net sales Q2 forecast is MSEK 75 – 80. The increase compared to Q1 is expected to be driven by higher aftermarket revenue and partly offset by a decrease in OEM.

System sales will increase significantly in 2023

The outlook for our system business is strong. Demand for our OEM humidifiers is robust and growing, driven by widebody aircraft production ramp-up, commencing in 2023. This will generate higher OEM sales this year and continue to increase in upcoming years. The positive momentum in Retrofit continued in the first quarter, particularly for the Anti-Condensation system with several outstanding RFQs for fleet installation and trials, but decision lead-time is hard to predict. Finally, we continue to have good traction in the Private jet business with several expected orders in the second half of 2023. When summarizing, I am confident that we now are likely to commence a period of years where system sales will grow year-on-year.

Aftermarket will continue to grow with normalized drivers

The underlying aftermarket demand is growing as expected. In Q1, our distributors reported increased sales of aftermarket parts to airlines in Asia, particularly in China. Our sales are overtime driven by airline demand but can short-term fluctuate depending on distributors inventory levels. Going forward, aftermarket growth will (again) be more predictable and track changes in population size (read: widebody fleet utilization normalized and flight hours per aircraft maximized). The population growth drivers will be new system deliveries and when ready-built Boeing 787s enter-into-service (with CTT products already on board representing approx. 10% population growth to CTT).

Strong outlook for 2023 with higher net sales and with favorable conditions to win some major awards

When summarizing, I am optimistic about the outlook for 2023. We will increase sales and further improve our position in the market. More importantly, we have a compelling offering and a favorable market sentiment in aviation that should enable us to capture some of our strategic growth opportunities.



Henrik Höjer, CEO

SIGNIFICANT EVENTS DURING THE QUARTER

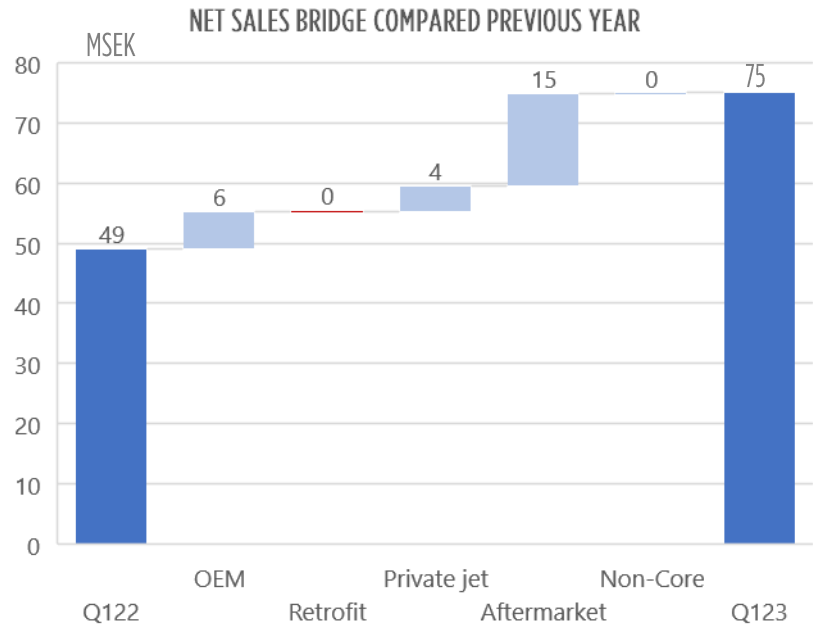
- ✓ No significant events have occurred during the quarter.

EVENTS AFTER THE END OF THE REPORTING PERIOD

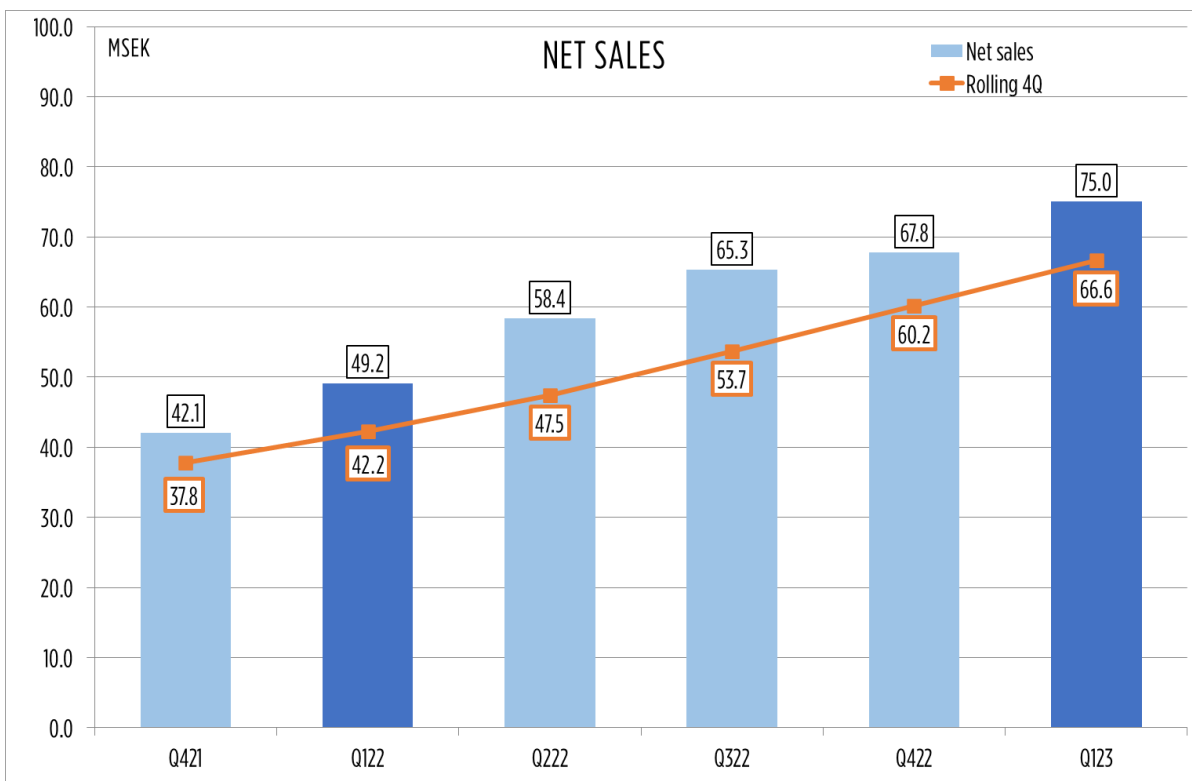
- ✓ No significant events have occurred after the end of the reporting period.

NET SALES

Net sales increased by 53% in first quarter to MSEK 75.0 (49.2). Adjusted for currency, sales increased by 36%¹, driven by continued recovery and growth in the aftermarket, increased deliveries to OEM and new projects in Private Jet. Quarterly revenues from the aftermarket increased to MSEK 52.1 (36.7). In OEM, sales increased to MSEK 13.3 (7.2), mainly due to increased deliveries to Boeing. For Private Jet, sales increased to MSEK 6.6 (2.5). No deliveries in the Retrofit area during the quarter.



CTT has reported eight consecutive quarters with net sales growth, from pandemic low point in the first quarter of 2021, mainly driven by the recovery and growth in the aftermarket.

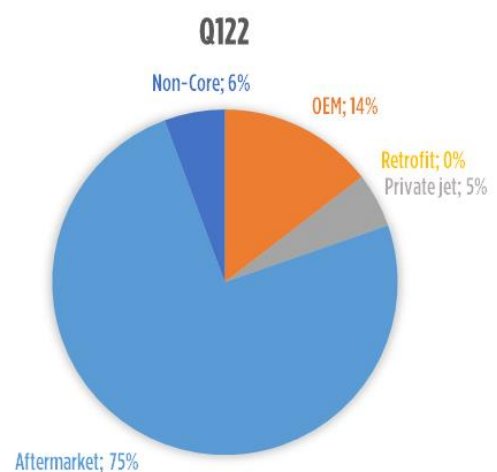
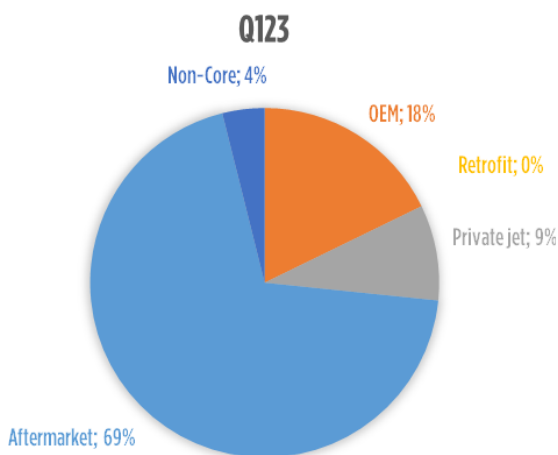
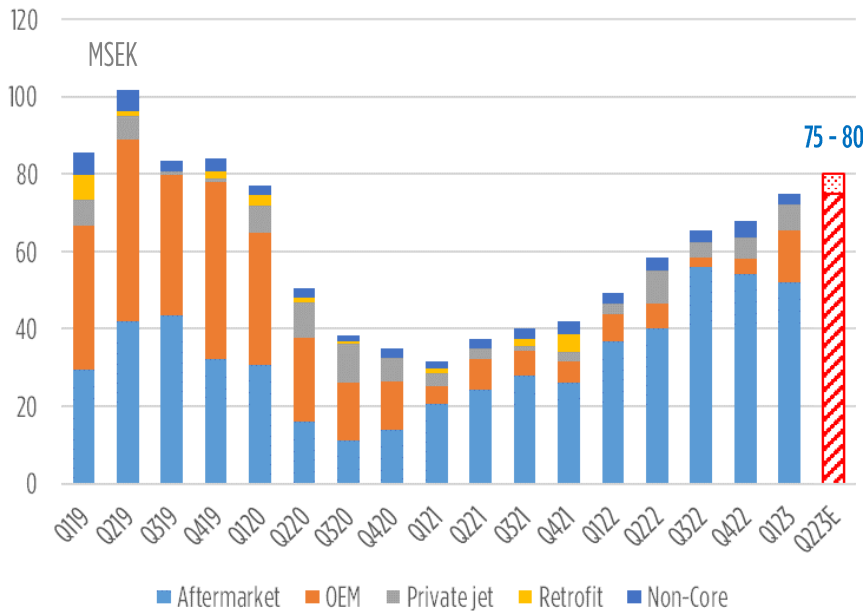


The graph above shows quarterly net sales and rolling four quarters average.

¹ The average USD currency rate in the first quarter was 10.43 (9.38).

BREAKDOWN OF NET SALES

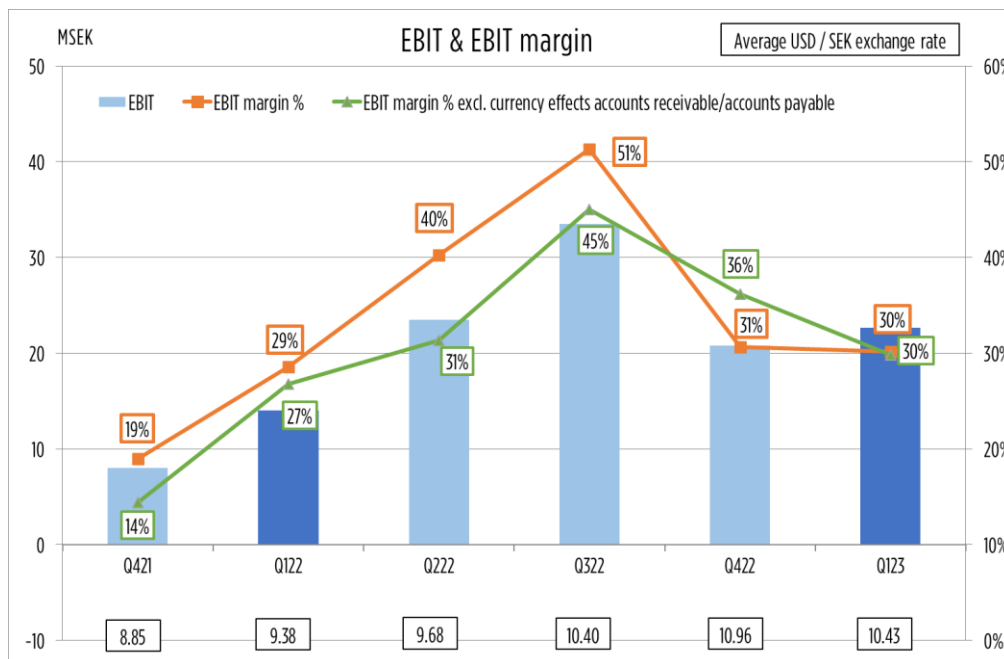
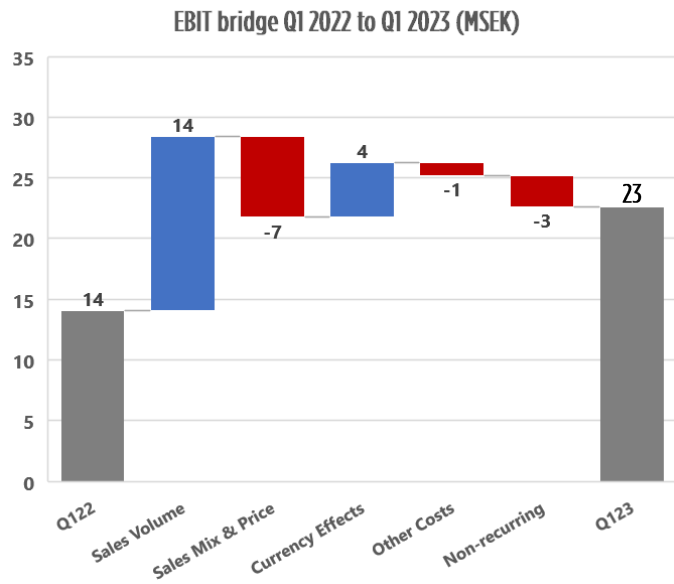
NET SALES (MSEK)	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123
System Sales									
OEM	4.8	8.0	6.3	5.5	7.2	6.4	2.5	4.1	13.3
Retrofit	1.3	0.0	1.7	4.5	-	-	-	-	-
Private jet	3.2	2.5	1.4	2.6	2.5	8.5	4.0	5.5	6.6
Total	9.3	10.5	9.5	12.6	9.7	14.9	6.4	9.7	20.0
Aftermarket	20.5	24.3	27.8	25.9	36.7	40.1	56.1	54.0	52.1
Sales in addition to the core business activitie	1.7	2.6	2.9	3.5	2.8	3.4	2.8	4.1	2.9
TOTAL	31.4	37.5	40.2	42.1	49.2	58.4	65.3	67.8	75.0
Of which projects where there is recognition of profits that is reported as revenue over time. (Other income is recognised at a defined point in time, i.e. upon delivery.)	3.2	0.3	1.5	2.6	2.5	8.5	3.6	5.5	6.6



The breakdown of net sales for the quarters is presented above.

FINANCIAL RESULTS

The operating profit (EBIT) in the first quarter increased to MSEK 22.6 (14.0), corresponding to a margin of 30% (29). The increase in earnings compared to the first quarter last year is mainly a consequence of increased volume in aftermarket sales, as well as currency effects from a stronger USD/SEK exchange rate. The outcome for the quarter has a lower aftermarket share (69% versus 75%) in the revenue mix, corresponding to MSEK -6.6 compared to the first quarter of 2022. The quarter was affected by non-recurring costs of MSEK 2.9 (0.4), mainly related to inventory write-downs. Net financial items were positively impacted by MSEK 0.7 (-1.8) by currency effects from loans denominated in USD. The higher result leads to a larger provision of variable remuneration to the staff of MSEK 2.5 (1.6), which mainly explains the increase in other costs. The profit margin increased to 30% (24). Net income was MSEK 18.0 (9.6) and earnings per share increased to SEK 1.43 (0.76).



The earnings trend since Q4 2021 is presented to the left, where the green line shows the EBIT margin adjusted for currency effects directly linked to accounts receivable and accounts payable valuation.

Average USD / SEK exchange rate according to Riksbanken

FORECAST – SECOND QUARTER 2023

The net sales forecast for the second quarter of 2023 is MSEK 75 -80 (58.4).

FIRST QUARTER 2023 FORECAST AND ACTUAL OUTCOME

In the fourth quarter report (2022), CTT made the following forecast for the first quarter of 2023: “The net sales forecast for the first quarter of 2023 is MSEK 68 - 73 (49.2).”

The actual net sales amounted to MSEK 75.0.

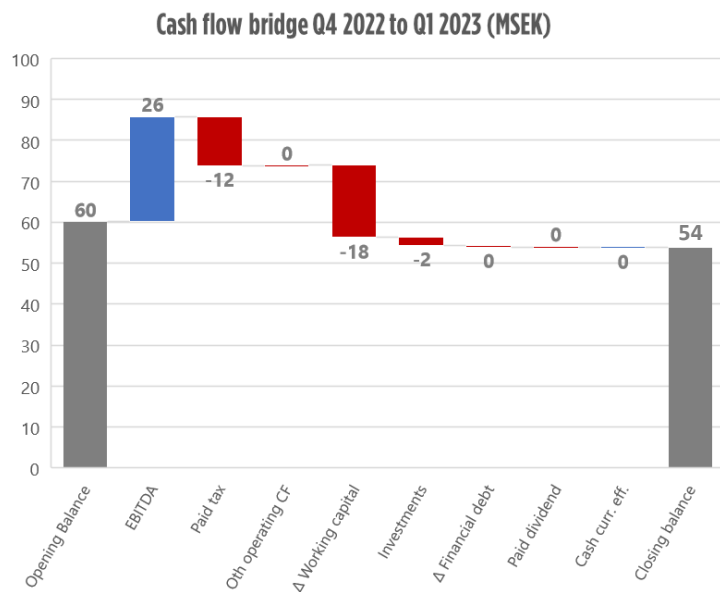
ORDER INTAKE AND ORDER BACKLOG

During the first quarter, the Company's order intake amounted to MSEK 74 (63). The stronger order intake is mainly due to the recovery and growth in the aftermarket as well as a stronger USD/SEK exchange rate. OEM order intake continued to be weak due to Boeing temporarily having a lower production rate in the 787 program, but which will gradually increase during the year.

As of 31 March 2023, the order book totaled MSEK 71 (76), based on USD exchange rate of 10.35 (9.38).

CASH FLOW AND FINANCIAL POSITION

Cash flow before changes in working capital amounted to MSEK 13.9 (13.3) in the first quarter, driven by better EBITDA (MSEK 25.6 compared to 16.1), but offset by a larger tax payment of MSEK 11.9 (2.8) mainly due to extra paid tax regarding 2022. The cash flow from operating activities decreased to MSEK -3.8 (8.6). Changes in working capital was in total MSEK -17.7 (-4.7), where the inventory decreased by MSEK 3.1, but mainly offset by increased account receivables, due to late customer payments. MSEK 22 was received in the beginning of April and the remaining MSEK 21 is expected in May. Net cash flow in the reporting period was MSEK 6.2 (-25.5). Amortization of an USD credit facility of MSEK 32 was made in the first quarter of 2022. The change in the quarter is described in the graph to the right.



See Cash flow analysis on page 12

Overall, CTT has a strong financial position, with its equity ratio at 31 March 2023 amounting to 71% (71). Cash and cash equivalents amounted to MSEK 54 (24), and in addition CTT has available credit facilities of MSEK 52. Net debt as of 31 March 2023 amounted to MSEK -10 (18), and equity to MSEK 287 (222).

INVESTMENTS

Investments in the first quarter amounted to MSEK 2.0 (1.8), related to ongoing development projects, many in the final stage which explains the relative low investment level.

PERSONNEL

The average number of employees during the first quarter was 75 (75).

RISKS AND UNCERTAINTIES

CTT is exposed to several risks that could significantly impact the Company's operations, earnings and financial position. The Company's risks are divided into strategic, operational and financial risks. One of these risks is currency. CTT is extremely dependent on the exchange rate of USD to SEK, as most of its revenues are in USD (as business in the aviation industry is priced in USD). CTT has a large proportion of costs in non-USD currencies, mainly SEK. A weakening in USDSEK-rate has an adverse effect on earnings. For a more detailed description of this particular risk and others, refer to the Risk and Risk Management section on pages 62 - 66 of the Company's Annual Report 2022. No significant changes in material risks or uncertainties have arisen during the period. The high inflation and interest rate environment have had no material impact during the period.

SHAREHOLDERS

CTT's five largest shareholders as at 31/03/2023	Number of shares	Capital	Votes
Tomas Torlöf	1 678 336	13.4 %	13.4 %
SEB Funds	1 187 018	9.5 %	9.5 %
Collins Aerospace	1 133 154	9.0 %	9.0 %
ODIN Funds	1 030 000	8.2 %	8.2 %
Third Swedish National Pension Fund	599 036	4.8 %	4.8 %

For information about the Company's 20 largest shareholders, please refer to the company's website www.ctt.se.

RELATED PARTY TRANSACTIONS

There have been no significant transactions with related parties during the quarter or the year.

To the extent that transactions and agreements for services with related parties are entered into, these are always entered into and performed under market conditions.

ACCOUNTING AND VALUATION POLICIES

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, taking into account the exceptions and additions to IFRS as set out in the Swedish Financial Reporting Board's Recommendation RFR 2 – Accounting for Legal Entities. Unless stated otherwise below, the accounting policies applied correspond with the accounting policies applied in the preparation of the most recent annual financial statements.

New and amended accounting policies 2023

No new or updated standards issued by the IASB and interpretative statements by the IFRIC have had any material effect on the Company's financial position, profits or disclosures.

FINANCIAL CALENDAR

AGM	04/05/2023 at 17:00 (CEST)
Interim Report Q2 2023	21/07/2023 at 08:00 (CEST)
Interim Report Q3 2023	27/10/2023 at 08:00 (CEST)
Year-end Report 2023	06/02/2024 at 08:00 (CET)

The Board of Directors and the Chief Executive Officer represent and warrant that this interim report provides a true and fair view of the Company's business operations, position and performance and describes the material risks and uncertainties facing the Company. This information is such as CTT Systems AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading (Market Abuse Penalties) Act. The information was submitted for publication at 8:00 (CEST) on 28 April 2023.

Nyköping, 27 April 2023

CTT Systems AB (publ.)

Tomas Torlöf

Chairman of the Board

Steven Buesing

Board Member

Annika Dalsvall

Board Member

Per Fyrenius

Board Member

Anna Carmo E Silva

Board Member

Björn Lenander

Board Member

Henrik Höjer

CEO

This report has not been audited by the Company's auditors.

FURTHER INFORMATION

For additional information, please contact:

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Company reg. no.: 556430-7741

Website: www.ctt.se

CTT IN BRIEF

CTT is a market-leading manufacturer of equipment for active control of humidity in aircraft. CTT's dehumidifier and humidifier products minimize fuselage condensation issues and increase cabin air humidity. CTT is a supplier to Boeing and Airbus and has many of the world's largest airlines as its customers.

CTT has been traded on Nasdaq Stockholm since March 1999, currently on the Mid Cap list and has its registered offices in Nyköping.

CTT SYSTEMS AB	2023	2022	2022
INCOME STATEMENT in brief (MSEK)	Jan-Mar	Jan-Mar	Jan-Dec
Operating income			
Net sales	75.0	49.2	240.6
Change in stocks of work in progress and stocks of finished goods	-7.0	1.4	2.8
Own work capitalised	0.6	0.9	3.4
Other operating income	1.3	3.1	16.5
Total operating income	69.9	54.6	263.3
Operating expenses			
Raw materials and consumables	-14.7	-11.4	-49.4
Other external costs	-11.1	-8.5	-35.4
Employee benefit expense	-17.6	-16.8	-69.1
Depreciation and amortisation of property, plant and equipment and intangible assets	-3.0	-2.0	-7.9
Other operating expenses	-0.9	-1.9	-9.6
Total operating expenses	-47.3	-40.5	-171.5
Operating profit (EBIT)	22.6	14.0	91.8
Net gain/loss on financial items	0.1	-2.0	-8.0
Profit before tax	22.7	12.0	83.8
Tax	-4.7	-2.5	-17.5
Profit (loss) this period	18.0	9.6	66.3
Other comprehensive income	-	-	-
Comprehensive income for the period	18.0	9.6	66.3
Earnings per share, SEK	1.43	0.76	5.29

CTT SYSTEMS AB	2023	2022	2022
BALANCE SHEET in brief (MSEK)	31 Mar	31 Mar	31 Dec
Assets			
Intangible assets	79.6	76.9	80.2
Property, plant and equipment	42.7	46.8	43.2
Financial assets	2.2	1.9	2.1
Other current assets	225.3	163.3	191.6
Cash at bank and in hand	53.8	23.6	60.1
Total assets	403.7	312.5	377.1
Equity and liabilities			
Equity	287.3	222.4	269.3
Provisions	3.8	4.1	3.4
Non-current liabilities, interest-bearing	42.7	39.9	43.9
Current liabilities, interest-bearing	1.5	1.4	1.6
Current liabilities, non-interest-bearing	68.4	44.7	59.0
Total equity and liabilities	403.7	312.5	377.1
Opening equity			
	269.3	212.9	212.9
Share dividend	-	-	-9.9
Profit (loss) this period	18.0	9.6	66.3
Closing equity	287.3	222.4	269.3

CTT SYSTEMS AB CASH FLOW ANALYSIS (MSEK)	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Operating activities			
Operating profit (EBIT)	22.6	14.0	91.8
<i>Adjustment for items not included in cash flow</i>			
Depreciation and amortisation	3.0	2.0	7.9
Capital gains on the sale of business segments	-	-	-
Other	0.4	0.1	-0.6
Financial receipts	0.3	0.2	0.5
Financial payments	-0.5	-0.4	-1.5
Tax paid	-11.9	-2.8	-5.2
<i>Cash flow from operating activities before changes in working capital</i>	13.9	13.3	93.0
<i>Cash flow from changes in working capital</i>			
Change in inventories	3.1	-5.0	-16.0
Change in operating receivables	-27.7	-4.7	-17.3
Change in operating liabilities	6.9	4.9	1.5
<i>Cash flow from changes in working capital</i>	-17.7	-4.7	-31.7
Operating cash flow	-3.8	8.6	61.2
Investment activities			
Acquisition of intangible assets	-1.1	-1.6	-6.5
Acquisition of property, plant and equipment	-0.9	-0.2	-0.9
Acquisition of financial assets	-0.1	-	-0.2
Sale of property, plant and equipment	-	0.2	0.2
Cash flow from investment activities	-2.0	-1.6	-7.3
Financing activities			
Proceeds from borrowings	-	-	-
Repayments of borrowings	-0.4	-32.5	-33.7
Dividends paid	-	-	-9.9
Cash flow from financing activities	-0.4	-32.5	-43.6
Cash flow for the period	-6.2	-25.5	10.3
Cash and cash equivalents at the beginning of the period	60.1	49.3	49.3
Exchange gains/losses on cash and cash equivalents	-0.1	-0.1	0.5
Cash and cash equivalents at the end of the period	53.8	23.6	60.1

CTT SYSTEMS AB KEY FIGURES – INDIVIDUAL QUARTERS	2023					2022				2021			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales & Financial result													
Net sales, MSEK	75.0	67.8	65.3	58.4	49.2	42.1	40.2	37.5	31.4				
Operating profit (EBIT), MSEK	22.6	20.8	33.5	23.5	14.0	8.0	11.5	6.6	0.6				
Operating margin, %	30	31	51	40	29	19	29	18	2				
Profit margin, %	30	33	46	33	24	13	22	21	-13				
Profit (loss) this period, MSEK	18.0	17.8	23.9	15.1	9.6	4.3	7.0	6.1	-3.2				
Return on capital employed, %	7	7	12	9	5	3	4	2	0				
Return on equity, %	6	7	10	7	4	2	3	3	-1				
Return on total capital, %	6	6	9	6	4	2	3	3	-1				
Share data													
Earnings per share, SEK	1.43	1.42	1.90	1.21	0.76	0.34	0.56	0.49	-0.26				
Equity per share, SEK	22.93	21.49	20.07	18.17	17.75	16.99	16.65	16.09	17.34				
Operating cash flow per share, SEK	-0.30	1.43	2.46	0.32	0.68	1.63	0.77	0.58	-0.55				
Dividend per share, SEK	-	4.05	-	-	-	0.79	-	-	-				
Number of shares, end of reporting period, thousands	12 529	12 529	12 529	12 529	12 529	12 529	12 529	12 529	12 529				
Average number of shares in the period, thousands	12 529	12 529	12 529	12 529	12 529	12 529	12 529	12 529	12 529				
Market price at the close of the reporting period, SEK	194.40	213.50	199.00	198.00	191.60	216.50	210.00	216.50	153.60				
Cash flow & Financial position													
Operating cash flow, MSEK	-3.8	17.9	30.8	4.0	8.6	20.4	9.6	7.2	-6.9				
Quick ratio, %	274	267	267	239	228	305	323	320	304				
Interest Coverage ratio, times	25	34	59	69	26	21	32	27	-7				
Debt-equity ratio, times	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3				
Equity ratio, %	71	71	71	70	71	65	65	66	66				
Personnel & Investments													
Number of employees, (average for the period) ^D	75	73	72	74	75	76	76	78	85				
Income (valued at full year) per employee, MSEK	3.7	3.9	4.0	3.6	2.9	2.5	2.3	2.5	1.8				
Investments, MSEK	2.0	1.1	2.3	2.4	1.8	2.3	1.2	2.4	2.7				
FINANCIAL HIGHLIGHTS – ACCUMULATED													
	Q1-Q1				Q1-Q1				Q1-Q1				
Sales & Financial result													
Net sales, MSEK	75.0				49.2				31.4				
Operating profit (EBIT), MSEK	22.6				14.0				0.6				
Operating margin, %	30				29				2				
Profit margin, %	30				24				-13				
Profit (loss) this period, MSEK	18.0				9.6				-3.2				
Return on capital employed, %	7				5				0				
Return on equity, %	6				4				-1				
Return on total capital, %	6				4				-1				
Share data													
Earnings per share, SEK	1.43				0.76				-0.26				
Operating cash flow per share, SEK	-0.30				0.68				-0.55				
Cash flow & Financial position													
Operating cash flow, MSEK	-3.8				8.6				-6.9				
Quick ratio, %	274				228				304				
Interest Coverage ratio, times	25				26				-7				
Debt-equity ratio, times	0.2				0.2				0.3				
Equity ratio, %	71				71				66				
Personnel & Investments													
Number of employees, (average for the period) ^D	75				75				85				
Income (valued at full year) per employee, MSEK	3.7				2.9				1.8				
Investments, MSEK	2.0				1.8				2.7				

^D The average of employees for the period is an approximation where a calculation is made by taking the average of the number of employees at closing balance and opening balance respectively during the period. The exact calculation is only made for the Company's annual report.

CTT SYSTEMS AB	2023	2022	2021
RELEVANT RECONCILIATIONS OF KEY FIGURES (MSEK)	Q1-Q1	Q1-Q1	Q1-Q1
Operating margin			
Operating profit (EBIT)	22.6	14.0	0.6
/ Net sales	75.0	49.2	31.4
= Operating margin	30%	29%	2%
Profit margin			
Profit before tax	22.7	12.0	-4.1
/ Net sales	75.0	49.2	31.4
= Profit margin	30%	24%	-13%
Return on capital employed			
(Operating profit, EBIT)	22.6	14.0	0.6
+ Finance income)	0.3	0.2	0.0
/ Average capital employed			
Average total capital (total assets)	390.4	320.5	319.5
<i>Total capital at the beginning of the period</i>	<i>377.1</i>	<i>328.5</i>	<i>307.5</i>
<i>Total capital at the end of the period</i>	<i>403.7</i>	<i>312.5</i>	<i>331.6</i>
- Average non-interest-bearing liabilities including deferred taxes	-63.7	-42.2	-44.0
<i>Non-interest-bearing liabilities including deferred taxes, beginning of the period</i>	<i>-59.0</i>	<i>-39.7</i>	<i>-50.1</i>
<i>Non-interest-bearing liabilities including deferred taxes, end of the period</i>	<i>-68.4</i>	<i>-44.7</i>	<i>-37.9</i>
Total average capital employed	326.7	278.3	275.5
= Return on capital employed	7%	5%	0%
Return on equity			
Profit (loss) this period	18.0	9.6	-3.2
/ Average equity	278.3	217.7	218.9
<i>Equity at the beginning of the period</i>	<i>269.3</i>	<i>212.9</i>	<i>220.5</i>
<i>Equity at the end of the period</i>	<i>287.3</i>	<i>222.4</i>	<i>217.3</i>
= Return on equity	6%	4%	-1%
Return on total capital			
(Profit before tax	22.7	12.0	-4.1
- Finance costs)	-1.0	-0.5	-0.5
/ Average total capital (for the calculation, see "Return on capital employed")	390.4	320.5	319.5
= Return on total capital	6%	4%	-1%
Quick ratio			
(Current assets, i.e. other current assets plus cash & bank deposits	279.2	187.0	202.3
- Inventories	113.2	105.4	105.0
+ Granted unutilised line of credit)	25.9	23.6	22.0
/ Current liabilities	69.9	46.1	39.2
= Quick ratio	274%	228%	304%
Interest Coverage ratio			
(Profit before tax	22.7	12.0	-4.1
- Finance costs)	-1.0	-0.5	-0.5
/ Finance costs	-1.0	-0.5	-0.5
= Interest Coverage ratio, times	25	26	-7
Debt-equity ratio			
Interest-bearing liabilities i.e. total interest-bearing items on balance sheet's debt side	44.2	41.3	70.6
/ Equity	287.3	222.4	217.3
= Debt-equity ratio, times	0.2	0.2	0.3
Income per employee			
Operating income (calculated to full year)	279.8	218.3	148.5
/ Number of employees, (average for the period) ¹⁾	75	75	85
= Income per employee	3.7	2.9	1.8

¹⁾The average of employees for the period is an approximation where a calculation is made by taking the average of the number of employees at closing balance and opening balance respectively during the period. The exact calculation is only made for the Company's annual report.

DEFINITIONS OF KEY FIGURES ¹⁾

RETURN ON EQUITY (ROE)

Profit for the period as % of average equity.

Return on equity is a measurement that the Company considers important for an investor who wants to be able to compare their investment with alternative investments.

RETURN ON TOTAL CAPITAL (ROTC)

Profits after net financial items with a reversal of financial expenses, as % of average total assets.

Return on total capital is a measurement that the Company considers important for an investor who wants to see how efficiently the use of total capital in the Company is used and what return it produces.

RETURN ON CAPITAL EMPLOYED (ROCE)

Operating profit (EBIT) plus finance income as % of average capital employed. The capital employed is defined as the total assets less non-interest-bearing liabilities including deferred taxes.

Return on capital employed is a measure that the Company considers important for investors who want to understand earnings generation in relation to capital employed.

EQUITY PER SHARE

Equity in relation to the number of shares on the balance sheet day.

The Company regards the key financial figure equity per share as relevant to investors since it describes the amount of capital (equity) belonging to the shareholders of the Company.

INCOME PER EMPLOYEE

Operating income divided by the number of employees (annualised average of full-time equivalents).

The Company regards income per employee as a relevant measure for investors who want to understand how effectively the Company is using its human capital.

CASH FLOW PER SHARE

Operating cash flow divided by the average number of shares.

The Company regards cash flow per share as relevant to investors since it describes the amount of cash flow directly attributable to the shareholders of the Company.

QUICK RATIO

Current assets excluding inventories but including granted unutilised lines of credit, divided by current liabilities.

The Company regards the quick ratio (cash liquidity) as important for creditors who want to understand the Company's short-term ability to pay.

EARNINGS PER SHARE (EPS)

Financial measure (key figure) according to IFRS

Profit for the period divided by the average number of shares.

INTEREST COVERAGE RATIO

Profit after net financial items with reversal of financial expenses divided by finance costs.

The coverage ratio is a key figure that shows how much the result can decrease without risking interest payments. The Company regards the key financial figures as relevant for investors who want to assess the Company's financial resilience.

OPERATING PROFIT (EBIT)

Operating profit before financial items and taxes.

The Company considers that the key financial figure operating profit (EBIT) is relevant for investors who want to understand the Company's financial results without the influence of how the business operations are financed.

OPERATING PROFIT EXCL. DEPRECIATION AND AMORTISATION (EBITDA)

Operating profit before financial items and taxes (EBIT) with reversal of depreciation and amortization of tangible and intangible fixed assets

The Company considers that the key financial figure operating profit excluding depreciation and amortisation (EBITDA) is relevant for investors who want to understand the Company's financial results without the influence of how the business operations are financed or from what depreciation principles the Company has for its investments.

OPERATING MARGIN

Operating profit (EBIT) as % of net sales.

The Company regards the operating margin (operating profit margin) as a relevant key figure for investors who want to understand the extent of the revenue left over to cover interest, tax and profit.

DEBT-EQUITY RATIO

Interest-bearing liabilities divided by equity.

The debt-to-equity ratio shows the relationship between the borrowings (total debt) and equity and thus the leverage effect of the borrowings. The Company regards this key financial figure as relevant for investors' assessment of the financial strength of the Company.

EQUITY RATIO

Equity as % of the total assets.

The equity ratio is a measure that the Company considers important for creditors/lenders who want to understand the Company's long-term ability to pay.

PROFIT MARGIN

Profit after financial items as % of net sales.

The Company regards the profit margin as relevant to investors because it shows the amount of revenue remaining when all costs excluding tax are covered, and thus compares the profit with the scope of the Company's activities.

¹⁾ A description of industry/company-specific words can be found on page 98 of the Company's Annual Report for 2022.